

May 23, 2001

The Honorable John D. Dingell
Ranking Member
Committee on Energy and Commerce
United States House of Representatives

Subject: Auditing Profession's Governance System

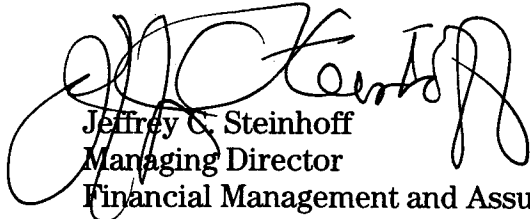
Dear Mr. Dingell:

We previously met with your staff to gain a further understanding of your needs concerning your request for a GAO study of the auditing profession's governance system. It was agreed that we would proceed with a design phase given the number of components of the auditing profession's governance system and the broad range of the Panel on Audit Effectiveness' recommendations affecting the governance system. A design phase will enable us to obtain a more complete understanding of the governance system and will allow for the time we will need to access the various senior representatives of each of the system components. The purpose of this letter is to set forth the study objectives and provide you with a completion date for the design phase. We agreed with your staff that the overall objectives of our work will be to:

- ❑ obtain an understanding of the structure and operation of the auditing profession's current governance system;
- ❑ obtain an understanding of the governance system proposed by the Panel on Audit Effectiveness and how it addresses limitations identified by the Panel;
- ❑ determine whether the Panel's recommendations have been accepted, how the system components are working together to implement reforms, their current status, and timeframe for implementation; and
- ❑ obtain views of the Panel and senior representatives of each system component regarding critical factors to successful implementation of recommended reforms and any gaps in the recommended reforms.

The design phase will be completed by August 2001. We will remain in contact with your staff, and at the end of the design phase, we will provide you with a projected completion date for the total study. If you should have any questions, please contact Cheryl Clark at (202) 512-9377 or clarkce@gao.gov, or Robert Gramling at (202) 512-6535 or gramlingr@gao.gov.

Sincerely yours,



Jeffrey C. Steinhoff
Managing Director
Financial Management and Assurance